# PART 12

# SERVICE CONTRACTS

# CHAPTER 1 - INTRODUCTION

## 1-1 BACKGROUND

A. Installations often perform a lot of their maintenance workload using service contracts. It is a common industry practice to accomplish equipment preventive maintenance, testing, and inspections using service contracts. It is therefore important that Facilities Managers are aware of the requirements needed to develop a comprehensive scope of work for a service contract. Developing an adequate scope of work will give Facilities Managers a tool to control the contractor's work, receive adequate documentation of the services performed, and manage the performance of the contract.

B. It is not possible to enforce or require contractors to perform work that was not specifically outlined in the scope of work. Merely stating that the contractor will perform all the requirements per a certain code or in accordance with manufacturer's specifications is not comprehensive enough. Requirements must be clearly spelled out so that bidders are not allowed to determine on their own what each one thinks is necessary for you. Remember competitive bidding will force unscrupulous contractors to bid less work so that they will obtain the contract. Their interest is never your best interest.

C. Often Facilities Managers will only call in a vendor when the equipment breaks down to avoid expensive service contracts or as a means of avoiding having to write a good service contracts.

This is mainly attributed to:

(1) Adequate staffing to accomplish all the required workload is not available on site

(2) Facilities Managers are not technically competent in the requirements of every item of equipment at the facility

(3) Facilities Managers suffer from writer's cramps; a phobia regarding writing technical documents. It is not necessary to be technically competent in every field to write a service contract. Technical requirements of service contract can be obtain almost verbatim from the manufacturer of the equipment, codes and standards readily available to everyone. The purpose of this document should therefore dispel the myth of the basics of the necessary requirements of a service contract. A standardized outline for all service contracts will make it easier to develop all of them. A point to consider is that once a service contract is written it should never change for the life expectancy of

the equipment. Usually this is 10-20 years for building service equipment.

## 1-2 APPLICABLE EQUIPMENT

When the word equipment is used in this document it specifically implies non-clinical personal property for which the repair and maintenance responsibility has been delegated to the facilities department (i.e., ovens, sweepers) and real property (building service) equipment (i.e., air conditioning/fire alarm/electrical systems.

Service contract guidelines for other types of equipment are covered as follows:

A. Clinical Personal Property Equipment - This equipment is normally referred to as patient care equipment.

B. Other Equipment - Any other equipment not included above (i.e. computers, telephones) is covered by other guidelines published by the office responsible for maintenance and repair of the equipment.

## 1-3 ROLE OF THE FACILITIES MANAGER

The type and frequency of maintenance and the method that will be used to accomplish that goal is a management decision that can only be made by a Facilities Manager. However, the decision should be made with due consideration of factors such as downtime, liability, staffing, and manufacturers recommendations. The Facilities Manager has the sole responsibility to initiate action for contract services and expenditure of funds for the maintenance of real and personal property equipment under his/her jurisdiction.

## 1-4 WHY USE SERVICE CONTRACTS

A. IHS has a huge inventory of equipment that requires recurring preventive maintenance (PM) and code required tests and inspections to ensure reliability of operation, prolong the equipment’s useful life, meet accreditation requirements and to practice good engineering maintenance. Installations however, are limited in the facilities engineering staff available to perform all the required workload. It is extremely important, therefore, that a management decision be made as to the proper mix of in-house and contractor accomplished maintenance so that our limited resources (dollars and people) can be most effectively utilized.

B. Service contracts are generally utilized in Indian Health Service (IHS) as a direct result of:

(1) High-Tech Equipment in Health Care - An increase in the installation of high-tech equipment systems (i.e., electronic controls) has not allowed the maintenance staff to keep up with the pace of technology.

(2) Remoteness of Installations - Metropolitan areas where individuals with high-tech skills are readily available are remote from many IHS installations. Recruitment of highly skilled individuals is more difficult because travel to the site becomes a burden for the employee. In addition, the government salary structure does not include compensation of employees with critical skills.

(3) Lack of Adequate Funding for Training - Training of facilities employees is either too costly and/or the funds are not available.

(4) Need for Tools - The installation of high-tech equipment systems require expensive sophisticated instrumentation for testing and calibrating equipment. As a general rule this instrumentation is not available at installations. If maintenance is to be performed using in-house personnel the tools and equipment to perform the work must also be available.

## 1-5 ECONOMIC EVALUATION

A. It is a very common practice of high pressure sales personnel to give Facilities Managers a sales pitch regarding the benefits of having a full service contract as compared to lesser contract requirements. The greater the scope of work required in the contract, the larger the commission.

Typically, their sales pitch goes like this;

**"I just did repairs on your XYZ widget and put in $500 in parts and spent a couple of hours fixing it. If your equipment had been under a full service contract, you would not have had to pay $1300 in labor and material for the service call.**

B. The main problem with a full service contract when the installation has not been adequately maintaining the equipment is that no contractor will maintain the equipment without requiring first that the equipment be brought to first class operating condition. It is common practice in industry to require bringing the equipment to "first class" working condition first, before a contractor takes over maintenance. Generally this involves an additional major, up front expense, to overhaul the equipment

before the contract goes into effect.

C. Most contractors require their service departments to operate on a profit basis. A profit margin of 20-30% is not uncommon on contracts for the equipment covered in this document. Equipment problems that installations routinely experience are generally due to the lack of maintenance by the in-house facilities staff. If maintenance can be scheduled and accomplished in the first place, there would be no need to spend large amounts of funds to bring the equipment to a first class operating condition when contemplating using a full service contract.

D. The decision to have service contracts and/or the types of contracts at an installation should not be based solely on economic and staffing reasons. Accurate documentation of individual repair costs performed on equipment over a one or two year period should be reviewed. This information is then used by Facilities Managers to decide if service contracts are a viable economic decision before the installation falls into the service contract trap.

- Some service contracts make sense.
- Contract out only the minimum needs.
- Explore service contract available options.
- Review contractor proposal clearly before accepting them.
- Perform the more expensive workload in-house.
- Document savings of in-house work vs. contractor.

## 1-6 ADVANTAGES OF IN-HOUSE SUPPORT

Performing the required workload in-house offers several unique advantages when compared to the same workload accomplished by a contractor.

The following points support performing the work in-house:

A. SAVES MONEY - The annual cost of service contracts for maintenance of equipment covered in this document is on average 15% of the acquisition cost of the equipment, versus 5% for in-house.

B. MAINTAIN AUTONOMY - With day-to-day involvement by in-house user staff, the installation will reduce dependence on service contracts. The user staff becomes less dependent and can be instrumental in advocating the installation's position on

equipment-related problems as well as doing some of the maintenance themselves. However, once equipment is put on a service contract it is very difficult, if not impossible psychologically, to cancel the contract and bring it back in-house. This is true both from the user and the facilities employee's standpoint.

C. AVOID HIDDEN ADMINISTRATIVE COSTS - Service contracts do not eliminate responsibility and/or avoid costs. Overhead is involved when utilizing service contracts. The contract still has to be managed by someone. The development of the scope of work, cost estimating, developing bids, contract administration, advertising, inspecting the contractor’s work, certifying monthly invoices will still be required, no matter how good the contractor performs.

D. CHOOSE THE BEST CONTRACTOR - When maintenance is in-house and an occasional service call is needed, the installation can usually decide what contractor to use. With the competitive bidding process required for annual service contracts, much less control is possible. The procurement department, not facilities determines the contractor who will perform the work.

E. DEVELOP BETTER, FASTER SERVICE - Generally, in-house staff is physically closer to the equipment than a contractor, therefore much faster response time can be provided to the user. Large equipment systems suffer the same failures common to less-complex devices. Generally most of the problems are switches, bearings, belts, power supplies and the like, which can be handled by trained in-house staff. Some systems require "applications support" as much as they need actual maintenance and repair. Therefore, the reassurance that facilities help is available locally at the same installation is very valuable.

## 1-7 ADVANTAGES OF CONTRACTOR SUPPORT

Performing the required workload by utilizing a contractor instead of in-house personnel offers several unique advantages.

The following points support performing the work by a contractor:

A. BUDGET WITH CERTAINTY - While recognizing that contracts are expensive, they do allow installations to budget accurately. Service contracts are an ongoing effort for as long as the equipment is in use at the installation. If the cost for the past 3, 4, 5, or 6 years is known it very easy to estimate the cost for the upcoming year.

B. REDUCE PROCUREMENT DELAYS - After a service contract has been awarded, individual requisitions are no longer required every time the contractor is needed on site.

C. SYSTEMS STAY CURRENT - Service contracts that are with the original equipment manufacturer's representative normally include field service updates for hardware and software if when applicable. Sometimes there is an extra charge, but the tendency is to bundle the cost together with the basic cost of the contract in order to make the use of a contract more attractive.

D. FUNCTION DESPITE LACK OF STAFF AND TEST EQUIPMENT - In circumstances where specialized staff cannot be recruited or test equipment purchased, service contracts can be useful. The facilities engineering program has the responsibility to provide for safe and accurate maintenance, testing and calibration of equipment, even if the proper resources are not available. However, recognize that contractors often tend to omit code required recurring testing and inspections separate from PM requirements. This keeps the cost of the contract attractive. Code required tests and inspections are extras.

E. REDUCE LIABILITY - Service contracts may reduce the liability incurred by the installation in equipment-related litigation, although the "deep-pockets" theory in product liability cases seems to indicate that the installation would be sued anyway.

## 1-8 MAKING THE DECISION

The decision of whether to place equipment on service contract or not should be made after careful consideration of all the facts involved.

The following points must be considered:

A. UNDERSTAND THE SELF-INSURING THEORY - Don't be overly concerned with the potential of spending too much money on one service contract for a single year. Some service contracts show their real savings when the equipment maintenance costs are averaged over multiple years.

B. ASSESS YOUR STAFF - Is there sufficient staff to perform all the required workload? Is the staff adequately trained (or capable of performing the work even without training)? Is the facilities employee turnover high? Does the facilities staff have the confidence of the users (are users the problem with the equipment)?

C. ASSESS YOUR TEST EQUIPMENT NEEDS - Inventory the test equipment currently available and compare with the test equipment required if the work was performed in-house. What is the cost of

obtaining the required equipment?

D. FIND OUT ABOUT LOCAL SERVICE - Assuming that at least occasional service calls will be necessary when the work is performed in-house, the availability of local service is a significant factor in the decision process. In the event that service is local but the facilities staff is not very experienced, numerous service calls and unwarranted use of additional facilities personnel could be a factor. In extreme cases this could itself warrant placing equipment on contract, out of self defense.

E. CHECK THE HOURLY RATES - The hourly service rates and travel costs if the contractor has to come from out of town need to be looked at very carefully. In some cases the travel cost may be as much as two to three times the service cost. This is most important in many remote sites in IHS.

F. DETERMINE THE COMPLEXITY OF THE SYSTEM - Some equipment is clearly beyond the technical capability of the available in-house staff. However, rather than a service contract, it may be more cost effective to consider calling in the contractor only when there are problems with the equipment depending on user capability, facilities staff capability, equipment reliability, contractor hourly rates and so on. This approach may be cheaper than a service contract.

G. EVALUATE HISTORY AND RELIABILITY - Specific equipment and/or systems a lot of times may be lemons (low bid, cheapest equipment installed). Funds may be saved and headaches avoided by contracting out the work. Problems with equipment need to be investigated thoroughly because sometimes user errors may be the actual reason for a large portion of service calls. It is possible that user training may save the expense of recurring service contracts. Alternatively, a system may be discovered to be incredibly reliable and not warrant providing or continuing to provide a service contract. Previous contractor field service reports, and/or the equipment historical record card can be of help in making the final determination.

H. CHECK OUT PARTS COST AND AVAILABILITY - Some contractors charge exorbitantly high parts costs or are traditionally slow about shipping parts, to discourage service work from being done by in-house staff at the installation. These are real problems that come into play in the decision process. Remember those contractors when replacement equipment or systems are contemplated.

I. FIND OUT WHAT SERVICE MANUALS ARE AVAILABLE - If a service manual is not on hand at the installation, the Area facilities office should be contacted. The staff may be able to assist the installation in the acquisition of service manuals or in some

cases the Area facilities office may be able to direct the Facilities Manager to another service unit in the Area that has the service manual. Large systems may also require diagnostic software to properly troubleshoot. This is a major stumbling block and should be considered PRIOR to purchase of the equipment.

I. DETERMINE THE NUMBER OF IDENTICAL SYSTEMS - If more than one of the same device or systems is located at the installation or in the service unit, it is much easier to troubleshoot problems. This results from the added experience gained by the facilities staff as a result of the increased time spent working on multiple pieces of equipment or systems. The staff's expertise in maintaining multiple items grows much faster. The number of parts that need to inventoried are also reduced.

J. OBTAIN A CONTRACT PROPOSAL - Some contractors have realistic prices. Requesting a proposal is free of charge. Reviewing the proposal allows the Facilities Manager to identify the terms and conditions that contractor's normally offer.

K. RECOGNIZE THE LIKELIHOOD OF THIRD PARTY CONTRACTS - Third party contracts are those instances when the equipment is furnished by one contractor but service is furnished by a third contractor. Some of these arrangements may be alright, but some are nightmares. Regrettably it is not within the Facilities Manager’s prerogative to determine the contractor who will perform the work. Sharing this information with the user department often changes their insistence on a contract because what they really want is a specific contractor to perform the maintenance work.

L. FIRST-CALL" CONTRACTS - Many contractors do not have adequate staff to service some areas of their service territory and will discount their contracts if the maintenance staff at the installation will take “first call” on equipment problems. First call is the term used when the installation calls the contractor first to troubleshoot problems on the phone. This allows the contractor to spread his staff coverage better by minimizing service trips. By making this a bid option, the Facilities Manager can get an accurate determination of the value of the facilities engineering staff. A variation of this is the "limited call" contract in which the contractor may provide parts and a limited number of calls a year, at a fraction of the normal contract price. If the history of equipment demonstrates that it is fairly reliable, "First Call Only" may be the most desirable way to go.

M. BUNDLED DISCOUNTS - Some contractors offer service contract discounts if the installation commits itself to using only their parts and supplies rather than IHS furnished. The overall value

of this option needs to be explored, but at least the Facilities Manager needs to be aware of the existence of such possibilities. In the instance of multiple pieces of equipment in an IHS Area the idea of one contract for all can also yield large discounts.

N. PARTS - At the simplest level, service contracts have to specify whether parts are included or not. For some systems such as HVAC with digital controls, there are some very high cost expendables (power supply boards) that can be optionally included. It takes careful scrutiny to determine the value of including parts in some service contracts. Contact the manufacturer to get a listing of the type and quantity of parts recommended for the equipment.

O. NON-ORIGINAL EQUIPMENT MANUFACTURER PARTS - A controversial issue in service contracting is the acceptability of parts not made by the original equipment manufacturer. This is often referred to as OEM parts. Since installations may experience the likelihood of a third-party contract, there should be a clause in the scope of work regarding approval or disapproval of non-OEM parts. The use of such parts can save money, but the manufacturer of the equipment often claims that the equipment or system as a whole is compromised when non-OEM parts are used. Third-party contractors are substantially dependent on second sources for parts, so a difficult point to specify is, "who has the approval authority?" One option is to specify that such authority resides with the COTR which should be the Facilities Manager. The same analogy needs to be evaluated for reconditioned parts. A decision needs to be made if reconditioned parts are acceptable. In some equipment this is an acceptable industry practice. The Facilities Manager must therefore, make the final determination when the action is warranted during the process of finalizing the scope of work for the contract.

P. RESPONSE TIME - This involves the time the contractor will be required by contract, to be on site to start repairing the equipment. Response time starts the moment the installation notifies the contractor. This is a common requirement in health care service contracts when very expensive back up equipment is not available at the installation. It is intended to ensure that equipment is back on line within a minimum specified time. Its purpose is to avoid the costs that would be incurred if the equipment were not back on line and the workload had to be contracted out to another health care facility. Response time can vary in meaning, from arrival on site, to when the phone call was made to the contractor. When response time is utilized it must be clearly spelled out in the contract. Failure by the contractor to meet the response time reflects on the performance of the contract and triggers penalties on the contractor.

(1) This option is highly discouraged and should only be

utilized on critical conditions.

(2) Contractors will built-in the cost into the contract to insure themselves against the occurrence.

(3) The installation will pay for this added option, not the contractor.

(4) If the response time is always met the contractor makes more profit out of the contract as there is no credit.

There is a need to be specific on this point. It is advisable to read the contractor's standard contract terms for this option and, where feasible, use the same terms. The individual who comes out to perform the contractor's work may not interpret concept of response time the same way as was defined in the contract scope of work. Service personnel generally do not bother to read scopes of work. They assume the scope of work required under the contract is the same as they are always used to doing elsewhere. This causes problems during management of the contract. The Facilities Manager must make sure that a meeting is scheduled between the contractor, the Contracting Officer and himself/herself after the contract is awarded, but before contract work commences so that the contract scope of work is thoroughly reviewed and clarified.

Q. GUARANTEED UPTIME - This involves the time the contractor will be required by contract, to guarantee “bringing” the equipment back on line after arrival on site. Up time starts the moment the contractor arrives on site. This is a common requirement in health care service contracts involving extremely critical medical equipment. However, some building service systems are PM intensive. It may be appropriate to specify a variation of guaranteed uptime such as an acceptable number of allowable breakdowns per month (based on the assumption that adequate PM will preclude excessive breakdowns). Facilities Managers need to always use reasonable, clearly documented figures when utilizing this option in the scope of work in case the terms of the contract are protested.

R. MULTI-YEAR CONTRACTS - Many systems and equipment require consistent PM and parts replacement which can best be handled by multi-year contracts. Examples are elevators and HVAC control systems. Specifying this option reduces the problem of a contractor “skating” through the work the last few months of a contract because some other contractor may get the service contract the upcoming fiscal year.

S. HARDWARE AND SOFTWARE UPDATES - Many manufacturers include hardware and software updates in their service contracts, making them more attractive than they would be otherwise. Third party

contractors frequently cannot provide updates, so it has to be thought out, and specified if required at the installation.

T. CONFLICTS OF INTEREST - Never allow the same firm performing maintenance to also perform inspections and/or tests. A vendor performing inspection and/or testing will never submit a report stating that the contractor performing the PM is inadequate if the same firm is performing the work for both scopes of work.

# CHAPTER 2 - DEVELOPING THE SCOPE OF WORK

## 2-1 REQUIREMENTS

A. Once it has been determined that a service contract is needed, the development of the scope of work is the first major undertaking that needs to be accomplished. Many Facilities Managers make the mistake of not writing scopes of work at all, or not writing clear concise ones when developing service contracts. Often the scope of work will merely refer the contractor to perform the work in accordance with a code or to follow the manufacture's recommendations. As a result of this deficiency the installation ends up with unknown third rate contractors performing the work. This is due to the contractor being allowed to interpret and decide the requirements. The low bidder will undoubtedly be the one who bid the least work.

B. Defining the contractor's required performance is the single most important asset to adequately manage a contract. If the contractor's acceptable performance under the contract is not clearly outlined in the scope of work it will be almost impossible to default the contractor even if the work under the contract is inadequate. Not spending the time to write a thorough scope of work negates the proper control of contractor performance. Facilities Managers therefore need to develop a clear comprehensive scope of work to assure that the work accomplished by the contractor is exactly what was intended.

C. When writing the scope of work for a service contract two distinct sections need to be developed separately. One section is administrative the other is technical.

(1) Administrative - This section outlines administrative requirements of a service contract. This section is the responsibility of the Contracting Officer.

(2) Technical - This section outlines the technical requirements of a service contract. This section is the responsibility of the Facilities Manager.

D. It is extremely important that the two section, although both part of the contract document, they must be kept separate when developing the scope of work. Often the mistake is that Facilities Managers will combine both sections into the technical portion. This comes from the incorrect assumption that the Facilities Manager is responsible for identifying all parameters of a scope of work in the document developed by the facilities office. This incorrect assumption often creates a conflict in the contract documents as some of the requirements incorporated by the Facilities Manager in the technical section are also

incorporated in the administrative section of the bidding package prepared by the Contracting Officer.

(1) In reality some administrative matters need to be fixed by the Facilities Manager but they must be recommended to the Contracting Officer for editing into the administrative section.

For Example: Hours of Contract Coverage

(2) Very frequently a piece of equipment cannot be shut down for PM during administrative hours due to the lack of spare equipment. Therefore, the Facilities Manager identifies the weekend as the time the contractor will perform the work required in the contract. Absent the Contracting Officer been made aware of these constraints for a particular contract, the administrative section used by the Contracting Officer states that 8 a.m. to 5 p.m. are the hours of coverage for the contract. When this occurs a conflict will be created by having the contract document state two different hours of coverage. For this reason it is best for the Facilities Manager to identify the administrative requirements separately and recommend them to the Contracting Officer for editing of the administrative section. Remember that the Facilities Manager as the technical representative of the Contracting Officer has the responsibility for the technical requirements. However, the administrative section is entirely the responsibility of the Contracting Officer. The administrative section however, is opened to any suggestion that are in the best interest of the government.

## 2-2 ADMINISTRATIVE SECTION

When developing the administrative section for a service contract all the items listed in this section should be considered.

A. EFFECTIVE DATE OF COVERAGE - Identifies the length of time the contractor is to perform the work outlined in the technical section. Normally service contracts are issued in one year increments. It may be advantageous to the Facilities Manager and the Contracting Officer to spread out the service contract workload by having some contracts with one effective date of coverage and others with another. In this manner all the contracts are not due for renewal at the same time each year.

B. HOURS OF COVERAGE - Identifies the period of time (hours) that the contractor will be allowed to work on the equipment to

perform the work required in the contract. By specifying the hours of coverage the contractor will be restricted to performing the work only during the time desired by the Facilities Manager. Under the majority of circumstances the Facilities Manager should be restricting the hours of coverage to minimize interruption to the delivery of care and thus effectively manage the contract.

(1) There are advantages and disadvantages for restricting the contractor to a certain time frame.

a. Facilities employees can be scheduled to accompany the contractor so that they learn how to perform the work. Potentially the contract could be canceled after a few years when the employees have been indirectly trained. The Facilities Manager may want to accompany the contractor's personnel to learn about the equipment. This seasons the Facilities Manager technical knowledge of equipment.

b. Security reasons may require that someone from facilities accompany the contractor at other than normal operating hours at the facility. This is only true if the equipment can only be made available at certain hours other than normal administrative hours. This scenario may require overtime for the contractor personnel. Facilities personnel can have their tour of duty changed to avoid the overtime. If the time frame is limited to normal administrative hours the cost of the contract would then be reduced since the contractor would not have to pay overtime rates to their employees. The savings would be passed on to the contract.

c. By explicitly involving the user department in the decision for the hours of coverage, considerable funds can be saved by avoiding extreme requests by users such as 7 day, 24 hour service. Such coverage should only be used when absolutely necessary.

d. Sometimes it is in the best interest of the installation to have a more expensive, service contract that accomplishes PM during non-administrative hours. That is, when the equipment is not in use by the installation. In this manner a service contract will increase the equipment or system up-time.

(2) It is important that the contractor does not fragment the work required under the contract. A clause should be inserted to assure that work is scheduled in such a manner that when it is started it will be completed without interruption. The contractor's personnel should not leave

the site to perform work required by other contractor's service calls. At times contractors have more work that they can handle with their available staffing. When contractors fragment the work to perform service calls elsewhere the installation never get the total work required by the contract when the contractor returns, if they return at all.

C. DAY OF COVERAGE - Identifies the day or days the contractor will be allowed to perform the work. It is very important that contractors be restricted as to the day they are allowed to perform the work required in the contract. If the day or days are not restricted the contractor can schedule the work at any time it sees fit to come in.

(1) If a contract requires the frequency of PM to be quarterly you would expect the contractor to be on site four times during the year at intervals of approximately 90 days. However, on many instances the contractor’s personnel show up on site the last week of the month of the following one quarter and immediately the first week month of the next quarter because “they were in the area”.

(2) Allowing PM at 30 days intervals defeats the whole purpose of specifying PM at 90 day intervals. It is therefore imperative that the contractor be tied down as least to the week they are allowed to perform the work. Do not be more restrictive as it may affect the cost of the contract. In that manner they can be restricted from performing the work when it suits there needs rather than the needs of the facility. Normally the contractor is required to perform the requirements of the contract on any day of the last full week of the second month of each quarter. By specifying the government fiscal year then contractor’s dates are pinpointed.

D. CONTRACTOR'S QUALIFICATIONS - Identifies the minimum requirements for the technical qualifications of the contractor’s firm and contractor’s personnel to accomplish the work required in the contract. This is a very important point to consider. This section allows a Facilities Manager to state minimum qualifications of the contractor’s personnel to be allowed to work on the contract. The experience of the firm performing the work required in the contract can also be specified. Contractors should be required to furnish documentation of this information on their official business letterhead.

(1) Experience Working on Similar Equipment - The contractor should be required to document the experience in servicing identical make and model equipment/system. This includes not only the company, but also the individuals who will work on the equipment.

(2) Contractor Personnel Experience - The contractor should be required to state the background and experience that qualifies the contractor's personnel who will perform the work required in the contract.

(3) Names of Authorized Employees - The contractor can be required to list the names of the employees who will be performing the work. When this happens the Facilities Manager can reject contractor personnel if they were not pre-approved to perform the work required in the contract.

(4) List of References - The contractor is required to furnish a list of at least three references to contact and verify the contractor's past track record in maintaining and repairing similar equipment and/or systems in the past five years.

a. It is normal industry practice to consider journeymen as the only experienced individuals who can perform service work. The installation should not allow contractors to furnish "trainees" to accomplish maintenance and repairs on the equipment. This allows the Facilities Manager to weed out contractor trainees from getting experience while learning to work on the equipment at the installation's expense.

b. In industry a journeyman is one who has completed an apprenticeship program of at least a minimum of four years and at least four years experience afterwards.

E. OVERTIME WORK - If overtime were to occur under the contract the party responsible for the added cost should be identified in the contract. Work performed by the contractor's personnel at other than hours of contract coverage outlined in the contract must be at the contractor's expense. The contractor is responsible for scheduling the work in such a manner that contract cost will not be affected. This precludes contractor personnel from showing up on site 30 minutes before the installation is to close for the day to perform 4 hours of work required under the contract.

F. GUARANTEE OF WORK - The contract should specify a guarantee period for parts installed by the contractor. If defects of any kind should develop during the guarantee period the Contracting Officer can make the contractor replace the part at no expense.

G. RENEWAL OPTIONS - Contracts can be written with renewal options to avoid annual advertizing for the work. Renewal options can be for one, two, three or more years. The option needs to be spelled out in the scope of work.

H. PAYMENT - The frequency of payment must be outlined in the contract. A monthly PM service contract requires 12 visits by

the contractor. Therefore services should be invoiced monthly. Frequently the contractor's finance office will bill the total cost of the contract when the first service call is performed although there are 11 more service calls yet to be performed.

H. CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR) - All contracts should designate who will be the COTR during the period of coverage of the contract. This should always be the Facilities Manager even if subordinate facilities staff is used to manage the contract. An alternate facilities employee should always be included in the event sick/annual leave by the Facilities Manager.

J. CONTRACTOR LOG-IN/LOG-OUT - Contractor's personnel should be required to log-in/log-out every time they are on site to perform the work required by the contract. The service report "ticket" should be require to be delivered personally to the Facilities Manager. This will allow the monitoring of the amount of time the contractor is on site performing work and thus assure that the work required under the contract is being accomplished. In addition, it allows the Facilities Manager to converse with the contractor regarding any problems with the equipment and/or clarify any information that is not clearly stated in the service report.

K. MISCELLANEOUS CONTRACT MANAGEMENT ISSUES

(1) Utilities - Outline the conditions (if any) under which the contractor is allowed to tamper with utilities.

(2) Penalties - Outline any penalties the contractor will be assessed for non-conformance to the contract. If the contractor does not complete the required work during a scheduled week in a specific month how much will be deducted from the contract? How will the deduction be processed?

(3) Personnel Authorized to Call the Contractor - Outline the IHS personnel that have the authority to call the contractor for service. Remember to include user personnel if appropriate. An alternate should always be included in all contracts.

(4) Parking - Outline any parking restrictions that may be imposed on the contractor during the performance of the contract.

(5) Storage - Outline any storage restrictions that may be imposed on the contractor during the performance of the contract.

(6) Temporary Use of Elevators - Occasionally an installation

may have elevators. It is important that the contract outline what elevators the contractor will be restricted to using and the days and time that the restrictions will apply. The contractor should be also be informed of the responsibility for repairs to the elevator resulting from damage by contractor personnel.

(7) Keys - Outline the manner in which the contractor will be authorized access to secure areas to perform work required in the contract. If contractor personnel will be issued keys they should be issued each time that the contractor logs in to perform work. The keys should be turned each time the contractor logs out. Outline also the penalty if keys are lost during the time the keys are in the possession of the contractor.

(8) Special Considerations - Outline any other consideration not included above but unique to the management of a particular service contract.

## 2-3 TECHNICAL SECTION

When developing the technical section for a service contract all the items listed below should be considered.

A. TYPE OF CONTRACT - Identify the type of work that is required by the contract. Specify either full service (repair and PM), PM only, testing or inspecting.

(1) Separate service contracts are needed if equipment require PM, testing or inspecting. The reason for various contracts is to retain different contractors. The same contractor should never be utilized to perform PM and also inspect and/or test the equipment. Combining both services under one contract creates a conflict of interest. The inspector should never work for the same contractor that performs the maintenance. An inspector will never report that the maintenance contractor is performing poorly if the inspection reveals lack of maintenance. Conversely the inspector will never report that the equipment failed the test due to lack of maintenance.

Select one of the following options:

(1) Full Service (Repair and PM)

(2) Preventive Maintenance

(3) Testing

(4) Inspection

B. LEVEL OF SERVICE - Specify the frequency that the work will be required under the contract.

Select one of the options below:

(1) Monthly

(2) Quarterly

(3) Semi-annually

(4) Annually

(5) Other (Specify)

C. EQUIPMENT IDENTIFICATION (NOMENCLATURE) - Outline the nomenclature for each item of equipment included in the contract. This portion will identify the type and number of items the contract is to cover. It will allow the contractor to clearly define and thus bid appropriately the amount of work required in the contract.

For each item give the minimum requirements below.

(1) Manufacturer's Name (2) Model

(3) Serial Number (4) PM Number

(5) Location of Equipment

D. TECHNICAL STATEMENTS OF WORK - This section requires accurate technical statements that specify the work required in the contract. This is particularly true for PM contracts. The technical statements must be developed from knowledge and experience, or developed from the equipment manufacturer's PM protocol, or other published protocols. Some information can be obtained from the American Society of Hospital Engineers, the American Hospital Association, and national codes such as the National Fire Protection Association. This section is the most important part of the contract. The scope of work must be specific. Do not let the contractor determine what the installation needs. It is not adequate to merely state a code reference, see NFPA 99, Health Care Facilities, 1993 Edition, Appendix C-3.2. Appendix C-3.2 may be very encompassing and cover numerous items not required or applicable to the equipment at the installation. Technically this is considered a conflict in specifications. The technical requirements cannot be left to the contractor to define merely because the Facilities Manager is not knowledgeable of the requirements.

E. SITE ENGINEERING REQUIREMENTS - Outline any constraints under which the contractor will have to perform the work. The requirements in this section outline certain safeguards the contractor's personnel must observe when working on equipment or systems. This section must therefore specify under what circumstances the contractor can take over equipment to perform the requirements of the contract.

For Example:

(1) Contractor's personnel cannot shut off the ventilation system in surgery to perform PM while the surgical suite is in operation.

(2) Contractor must remove existing equipment from line and furnish a back up piece of equipment of equal capacity while the government equipment is being serviced. Contractor will remove his/her equipment and reconnect the government equipment upon completion of service.

(3) Contractor must give 48 hours written notice before the equipment can be removed from service or utilities are shut off for maintenance.

(4) Contractor must test the performance of the equipment in the presence of the Facilities Manager after the equipment is reconnected.

(5) Contractor to install OSHA approved ventilation requirements while the service is performed.

These requirement are included as part of the contract cost.

F. DOCUMENTATION REQUIREMENTS - In this section outline the necessary documentation that the contractor must leave on site with the Facilities Manager after every service visit for satisfactory documentation of the work performed.

(1) The contractor must be instructed to submit the exhibit required in the contract, completed signed and dated, in lieu of the contractor's trip report.

(2) The contractors trip service report may not have sufficient information for the Facilities Manager to review the status of equipment maintenance. Merely stating the equipment passed the test is not sufficient.

(3) The high and low parameters for acceptable testing must be stated in the form in addition to the readings that were taken to allow the test to be acceptable. This is an

accreditation requirement in addition to being very good engineering practice.

(4) The report should include at a minimum:

| | |
|---|---|
| Date of Service | Parts Replaced |
| Parameters (high/low) | Action Taken |
| Comments | List of Parts Used |
| Cost of Parts Used | Travel Time (Hours) |
| Labor (Hours) | Equipment Name |
| PM Number | Total Cost of Repair |
| IHS P.O. Number | Name of Inspector |

G. MINIMUM HOURS TO ACCOMPLISH THE WORK - In this section the contract will outline the minimum number of hours that the contractor will be required to be on site perform the work required in the contract.

(1) Many Facilities Managers are not experienced with every piece of equipment available in the market place. Until they have this technical knowledge or experience it is necessary for them to manage and approve work for which they lack expertise in making the judgement. In order to accomplish this and still be able to perform their required management function it is important that this time frame be identified for the purposes of the contract. This will assure that the contract identifies up front the minimum number of hours expected of the contractor's employees to be on site. This will preclude the contractor from leaving the site claiming the work is done so that they can take maximize other business elsewhere.

(2) This information can be obtained from the manufacturer of the equipment or from contractors that normally perform the work being contemplated for contract.

H. PARTS - In this item outline the requirements of the contractor in furnishing any parts under the contract. In some instances it may be more economically advisable for the government to stock its own parts required under the contract. In this case the Facilities Manager needs to obtain from the manufacturer a list of parts (and pricing) that is recommended to be stocked for normal repairs.

(1) Will all parts be included in the cost of the contract?

(2) If the contractor is going to furnish the parts will there be a limit to the cost of parts that the contractor will be required to include at no increase in contract price?

I. ADDITIONAL SERVICE OPTIONS - Outline in this section any

requirements that the contractor must include in the contract which is not part of normal services but are needed at the installation.

(1) Loaners

(2) Training (User or maintainer)

(3) Hardware and Software Updates

J. MINIMUM PERFORMANCE STANDARDS - This section outlines the requirements that must be met by the contractor to meet minimum acceptance of the work required under the contract. Failure to accomplish these requirements is the method used by the Facilities Manager to recommend default of the contractor by the Contracting Officer. Without adequate performance parameters it is impossible to get rid of contractors that are not performing the work expected in the contract.

Parameters normally used to measure performance under a service contract are as follows:

(1) Response Time

(2) Guaranteed Up Time

(3) Use of reconditioned parts (when the contract specifically does not allow their use)

(4) Lack of adequate documentation of work as required under the contract.

# EXHIBIT 2-2-A



## SERVICE CONTRACT OUTLINE
## PART I - ADMINISTRATIVE SECTION

***NOTES:***

1. ***Utilize this checklist outline when developing a scope of work. The items are not inclusive. Edit the requirements to suit the needs of the installation.***

2. ***It is recommended that all the sections be included in each contract whether they are required or not. If they do not apply state; NOT APPLICABLE FOR THIS CONTRACT. In this manner all the requirements will be taken into consideration whenever developing a scope of work for a service contract.***

**A. EFFECTIVE DATE OF COVERAGE (Select one of the following options)**

- ●  **October 1, 19XY through September 30, 19XZ.**
- ●  **January 1, 19XY through December 31, 19XZ.**
- ●  **Other (Specify)**

**B. HOURS OF COVERAGE (Select one of the following options)**

- ●  **Monday to Friday 8:00 am - 4:30 pm, Federal Holidays excluded.**
- ●  **Monday to Friday 12:01 am - 7:00 a.m., Federal Holidays excluded.**
- ●  **Other (Specify)**

**Insert the following text or edit as necessary.**

**(1) Contractor will be authorized to perform the work under this contract only during the time outlined above. Contractor will not be authorized to work on the equipment at any other times. The equipment can not be made available at other times due to the nature of the mission at this facility.**

**(2) Contractor will not be authorized to fragment the work required under this contract. Contractor must ensure that work is scheduled in such a manner that when it is started it will be completed without interruption. Contractor's personnel will not be permitted to leave the installation to perform work required by service calls .**

**C. CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR) - Insert the following text or edit as necessary)**

**(1) The Contracting Officer's technical representative (COTR) under this contract shall be;**

| **COTR** | **ALTERNATE COTR** |
|---|---|
| **John Doe** | **Jane Doe** |
| **Facilities Manager** | **Contracting Officer** |

**The alternate COTR will act in the absence of the COTR only when delegated that authority by the COTR and the contractor is informed personally beforehand.**

**(2) The COTR is only authorize to give technical guidance for the Contracting Officer as it relates to the requirements of this contract. All scheduling, arrangements for utility shut downs, and coordination with security will be performed through the COTR. The COTR is not authorized to modify price or scope of work in this contract. Such matters must be submitted in writing for consideration to the Contracting Officer. See paragraph XX for details on modifications to the contract.**

**D. CONTRACTOR'S QUALIFICATIONS (Insert the following text or edit as necessary)**

**Contractor will submit to the Contracting Officer, five administrative days prior to commencing work on this contract on the firm's official letterhead the following information:**

**(1) Listing of References - Contractor will document experience in servicing identical make and model equipment/system over the past 5 years. This requirement shall be fulfilled by listing the name of three firms for which the contractor has maintained the equipment outlined in this service contract. Contractor to include the name of each firm along with a name and a telephone number of a management official that can be contacted to verify the contractor's past track experience in maintaining and repairing similar equipment and/or systems.**

**(2) Contractor's Personnel Experience - Only journeyman experienced workers will be allowed to perform work on this contract. Contractor will be required to document the background experience that qualifies his/her employees to perform the work of the contract.**

- **To be considered "experienced" contractor's personnel must have completed an apprenticeship training program or equivalent training experience in the work required in this contract and have at a minimum 4 years experience as a journeyman after completion of the training requirements.**
- **Contractor must furnish a photocopy as evidence (e.g., Apprenticeship Certificates, License) for each qualified employee the contractor will be sending to the site to perform the work.**
- **Contractor will furnish the names of the personnel who will be performing the work under this contract.**

- **Contractor's employees other than those authorized to perform the work will not be allowed to perform work under this contract.**

- **Contractor may submit documentation for other personnel to qualify them for the contract at any time during the period of the contract, if the same documentation is submitted to the contracting office at least five administrative workdays prior to employee showing up on site to perform the work required under the contract.**

**E. OVERTIME WORK (Insert the following text or edit as necessary)**

**Work performed by contractor's personnel at other than hours of contract coverage outlined above or exceeding the contractor's personnel non-overtime hours will be at the contractor's expense. Contractor must schedule the work in such a manner that overtime costs will not affect the cost of the contract.**

**F. GUARANTEE OF WORK (Insert the following text or edit as necessary)**

**(1) Contractor guarantees that all work performed and materials and equipment furnished under this contract are in accordance with the contract requirements. The contractor also guarantees that all materials will be free from defects and will remain so for a period of at least 90 days from the date of acceptance by the Facilities Manager.**

**(2) If defects of any kind should develop during the period of such guarantee is in force, the Contracting Officer shall immediately notify the contractor in writing of such defect. The government thereupon shall have the right, by a written notice to that effect, to require the contractor to repair all inferior work, material, or equipment. The warranty with respect to such new or corrected parts, materials or equipment, supplies shall be equal in duration as that set forth above and shall run from the date the part was again accepted by the COTR.**

**G. RENEWAL OPTIONS (Outline any renewal options if applicable)**

**H. PAYMENT (Insert the following text or edit as necessary)**

**Contractor will invoice for the work required in this contract at a rate not to exceed 1/12 the awarded original contract cost.**

**I. CONTRACTOR LOG-IN/LOG-OUT (Insert the following text or edit as necessary)**

**The COTR must be aware of the presence of the contractor's presence on site in order to adequately manage the contract. This will be accomplished by the contractor's personnel reporting to the Facilities Manager to log-in and log-out at each site visit required by the contract.**

**J. CONTRACT MANAGEMENT ISSUES (Insert the following text or edit as necessary)**

**(1) Use of Utilities - Outline the conditions (if any) under which the contractor is allowed to tamper with utilities in the performance of the contract scope of work.**

**a. What are the limitations (if any) for the contractor shutting off utilities in order to perform work under the contract?**

**b. How will the contractor communicate utility interruptions verbal/written?**

**c. How much advance notice is required before utilities can be interrupted?**

**(2) Penalties - Outline any penalties the contractor will be assessed for non-conformance of contract. If the contractor does not complete the required work during a scheduled week/month/quarter how much will be deducted from the contract? How will the deduction be processed?**

**(3) Parking - Contractor will be authorized to park at the installation only in designated areas opened to the general public. Contractor's personnel must observe all traffic and parking signs while at the installation. Parking at other than designate areas could result in a fine issued by security personnel at the installation. Any arrangements for use of the loading dock must be made with the COTR before such action is contemplated.**

**(4) Storage - Contractor will not be allowed to use of government space to store supplies or equipment required under this contract. Contractor must bring on site supplies in quantities limited to the work for each site visit.**

**(5) Temporary Use of Elevators - Contractor's personnel use of the elevators under all circumstances, is restricted only to the freight elevator in the south wing of the installation. Use of other elevators at the installation is prohibited. Use of the freight elevator will be further restricted subject to the following restrictions.**

**a. Contractor may use the freight elevator only between the hours of 9:00 a.m. and 11:00 a.m. and 2:00 p.m. to 4:00 p.m. Occasional use of the elevator at other intervals may be accommodated when coordinated and approved by the COTR at least five administrative work days in advance.**

**b. Contractor will be assessed the cost of any and all repairs resulting from damage to the elevator as a result of**

**improper use due to exceeding the weight limitations and/or damage to the inside of the cab.**

**(6) Keys - Contractor will not be authorize permanent use of keys while performing the work required under the contract. Keys for access to engineering space will be issued at the beginning of each site visit when the contractor's personnel log-in as required by the contract. Keys must be returned to the COTR at the time of log-out. The contractor will be held financially responsible for keys lost while in the possession of the contractor or his/her employees. The contractor shall be held liable for the cost (labor and materials) to re-key the entire master system operated by the lost key.**

**(7) Special Considerations**

**Outline any other consideration not included above but unique to the management of your particular contract.**

# EXHIBIT 2-3-A



## SERVICE CONTRACT OUTLINE
## PART II - TECHNICAL SECTION

***NOTES:***

1. ***Utilize this checklist outline when developing a scope of work. The items are not inclusive. Edit the requirements to suit the needs of the installation.***

2. ***It is recommended that all the sections be included in each contract whether they are required or not. If they do not apply state; NOT APPLICABLE FOR THIS CONTRACT. In this manner all the requirements will be taken into consideration whenever developing a scope of work for a service contract.***

**A. TYPE OF CONTRACT - Select the type of work that is required by the contract. Specify either full service (repair and PM), PM only, testing or inspecting.**

**Insert one option only:**

- **Full Service - Contractor will furnish all labor, materials, and supplies to perform preventive maintenance and all necessary repairs to the equipment outlined in paragraph C below for the effective date of coverage of this contract.**

- **Preventive Maintenance - Contractor will furnish all labor, materials, and supplies to perform preventive maintenance to the equipment outlined in paragraph C below for the effective date of coverage of this contract.**

- **Testing - Contractor will furnish all labor, materials, and supplies to test the equipment outlined in paragraph C below for the effective date of coverage of this contract.**

- **Inspection - Contractor will furnish all labor, materials, and supplies to perform inspections to the equipment outlined in paragraph C below for the effective date of coverage of this contract.**

**B. LEVEL OF SERVICE (Select one)**

**(1) Preventive Maintenance (Select one)**

- **Monthly**
- **Quarterly**

- ● **Semi-annually**
- ● **Annually**
- ● **Other (Specify)**

**(2) Testing (Select one)**

- ● **Quarterly**
- ● **Semi-annual**
- ● **Annual**
- ● **Tri-ennial**

**(3) Inspection (Select one)**

- ● **Quarterly**
- ● **Semi-annual**
- ● **Annual**

**C. <u>EQUIPMENT IDENTIFICATION (NOMENCLATURE)</u> - For each equipment item included in the service contract state the following minimum information and/or add any other.**

**Manufacturer's Name** **Model**

**Serial Number** **PM Number**

**Location of Equipment (Building/Room Number)**

**D. <u>TECHNICAL STATEMENT OF WORK</u> - In this section it is extremely important that a detail of the specifics involved in the scope of work be defined)**

**E. <u>ENGINEERING REQUIREMENTS</u> -Outline any constraints under which the contractor will have to perform the work. These requirement are included as part of the contract cost.**

**For Example:**

**(1) Contractor's personnel cannot shut off the ventilation system in surgery to perform PM while the surgical suite is in operation.**

**(2) Contractor must remove existing equipment from line and furnish a back up piece of equipment of equal capacity while the government equipment is being serviced. Contractor will remove his/her equipment and reconnect the government equipment upon completion of service required to bring the equipment back into full operation.**

**(3) Contractor must give 48 hours written notice before the equipment can be removed from service or utilities are shut off for maintenance.**

**(4) Contractor must test the performance of the equipment in the presence of the Facilities Manager after the equipment is reconnected.**

**(5) Contractor to install OSHA approved ventilation requirements while the service is performed.**

**(6) Contractor must furnish and install a back up emergency generator while performing the work required in the service contract.**

**F. DOCUMENTATION REQUIREMENTS - Insert the following text or edit as necessary)**

**Contractor will utilize exhibit X to certify the requirements of this contract. The exhibit will be completed legibly, signed, and dated upon completion of each site visit. Contractor will leave the original with the COTR before leaving the site.**

**G. MINIMUM NUMBER OF HOURS REQUIRED UNDER THE CONTRACT - Specify the minimum number of hours per equipment per equipment that the contractor will be required to remain on site to provide the services required under the contract. Consult the manufacturer if you are not familiar with the requirements. This section will allow a person unfamiliar with this type of work to manage the contract adequately by knowing how long the contractor should be on site to perform the work.**

**Insert the following text in this section or edit as necessary:**

**Contractor will be required to be on site performing preventive maintenance on two elevators a minimum of 2 hours each for a total of 4 hours per site visit.**

**H. ADDITIONAL SERVICE OPTIONS - Outline any additional service options required under the contract such as; loaners, training and hardware or software updates.**

**I. MINIMUM PERFORMANCE STANDARDS - Outline the performance standards that will be used to monitor the performance of the contract for successful acceptance. Failure to comply with contract requirements will result in default proceedings by the government. Describe in detail exactly what the standards consist of to trigger default.**

**J. PARTS - Outline the requirements of the contractor in furnishing parts under the contract.**

**Insert the following text in this section or edit as necessary:**

**Contractor will furnish all parts not exceeding a total of $100 per repair. Cost of parts exceeding $100 must be approved by the COTR before they are installed.**

# CHAPTER 3 - MANAGING THE CONTRACT

## 3-1 CONTRACT MANAGEMENT

The fact that a part of the facilities engineering workload has been contracted out does not relieve the Facilities Manager from the responsibility of adequately managing the contract. Contractor compliance with scopes of work has become a definite issue with the Office of the Inspector General (OIG), for reasons of management control and fiscal accountability.

Follow these steps to good contract management:

A. HAVE COPIES OF THE FULL CONTRACT - The Contracting Officer delegates technical responsibility for contract management by designating the Facilities Manager as the COTR.

B. COMMUNICATE CONTRACT TERMS TO THE USER DEPARTMENTS - When a service contract is awarded, the Facilities Manager must brief the user department (if applicable) and/or the appropriate facilities staff on the final requirements of the contract. This will improve relations with equipment users and cut down on delinquent or unauthorized obligations arising from misunderstood contract terms. Remember maintenance of equipment is the Facilities Manager's responsibility not the user's.

C. OBTAIN SERVICE REPORTS - There is a generally a persistent problem in the reliability of the Facilities Manager getting service reports on a timely basis. Reports are not left at the site and are either left with the user, mailed by the contractor's office staff, or not submitted at all. Facilities Managers must therefore demand, that the contractor's representative report to the Facilities Manager or alternate, upon arrival on site. This will allow management of the time that the contractor personnel is working on the equipment.

D. VERIFY CONTRACTOR COMPLIANCE - The contractor must perform the work specified within the time frames and conditions specified in the contract. While some staff are very familiar with contractual constraints, Facilities Managers may not always realize that they do not have the authority to waive contractual requirements, but rather have to recommend changes to the Contracting Officer for resolution. If a contractor is required to perform a PM visit the third week of every month, do not allow the contractor's representative to perform the visits the last and first week of two consecutive months with a weekend between the two visits. Notify the Contracting Officer and deduct the work from the service contract. Remember PM to be effective must be accomplished at regular intervals. If the frequency is spread out the prime objective is defeated. By documenting this type of

performance by the contractor documentation is established for finding the contractor unresponsive in future contract bidding.

E. CHECK YOUR INVENTORY - It's embarrassing, but not uncommon, to find that equipment included on a contract has been out of service or excessed for some time. In installations with extensive inventories, it is useful to involve the user departments in keeping the contract inventory up to date. Facilities Managers should forward a copy of the inventory of equipment under each service contract to each department head every year.

The user department should be asked to verify;

(1) Nomenclature of each equipment item currently under the service contract is correct.

(2) Equipment currently under contract will be on site for the total period of the next contract period.

(3) No equipment items have been added to the department inventory that will be out of warranty during the period of the service contract.

(4) No equipment items are scheduled for replacement during the period of the service contract.

Adjustments to the service contract scope of work and ultimately the final cost of the contract will need to be evaluated if any, some, or all of the above variables apply.

F. LOOK CLOSELY AT CERTIFIED INVOICES - Many installations have the facilities engineering employee most familiar with the equipment and contract requirements initial off that the work was accomplished as billed, prior to signature by the Facilities Manager. Duplicate billing, excessive charging for overtime, and repeat calls due to workmanship can be caught by implementing a procedure. Involve also the user departments in this review.

G. TALK TO YOUR CONTRACTOR AND USERS - It's worthwhile to discuss the contractor's experience with the equipment and/or system under contract during the previous year. This will allow the Facilities Manager to find ways to improve equipment reliability and fine tune the scope of work requirements. Likewise, it helps to get input from the user department about their level of satisfaction with the past contractor's performance.

H. DOCUMENT PROBLEMS - Don't wait until you have a disaster with a contract to begin documenting problems. A brief memo or report of contact to the Contracting Officer, each time there is a contract problem, will greatly assist procurement and will be

useful to the government if any future litigation arises as a result of defaulting the contractor.

## 3-2 FUNDING REQUEST

After it has been decided which service contracts will be required a request for funding the services must follow. The methodology for obtaining additional funding is the Facilities Engineering Program Plan (FEPP). Instructions for this request can be found in the Technical Handbook for EHE, Volume VI, Facilities Engineering, Part 71, FEPP. Service contracts are summarized by service unit in the Consolidated Service Unit Work Plan section of the FEPP which is prepared by the Facilities Manager annually.

## EXHIBIT 3-1-A



## CHECKLIST FOR CONTRACTOR'S CONFERENCE

***NOTE:***

***The following is a checklist of items to discuss and document with the contractor's representative who will be performing the work required under the contract. This conference should be held after the contract has been awarded but before contractor's personnel report on site to start the work required by the contract. The Contracting Officer should prepare minutes of this meeting for the contract file.***

(1) EFFECTIVE DATE OF CONTRACT COVERAGE

(2) HOURS CONTRACTOR IS AUTHORIZED TO PERFORM THE WORK

(3) CONTRACTOR'S PERSONNEL AUTHORIZED ON SITE

(4) OVERTIME WORK

(5) GUARANTEE OF WORK

(6) ROLE OF THE CONTRACTING OFFICER

(7) ROLE OF THE FACILITIES MANAGER

(8) CONTRACT MANAGEMENT ISSUES
- Contract Penalties
- Parking for Contractor Personnel
- Use of Storage by the Contractor
- Partial Payments
- Sign In/Sign Out by Contractor Personnel
- Government Personnel Authorized to Contact the Contractor
- Security Access to Contract Areas (keys)
- Approval of Work not Covered under the Contract

(9) ENGINEERING REQUIREMENTS
- Use of Utilities
- Temporary Use of Elevators
- Location of Equipment Covered in the Contract
- Notification for Shut-off of Equipment and Utilities
- Parts Furnished under the Contract
- Schedule of PM
- Schedule of Tests
- Schedule of Inspections

(10) DOCUMENTATION REQUIREMENTS (SERVICE REPORTS)

(11) REQUIRED HOURS TO PERFORM THE WORK

(12) CONTRACT PERFORMANCE STANDARDS

(13) INVENTORY OF PARTS THE Contractor IS REQUIRED TO STOCK

(14) CONTRACTOR RESPONSE TIME

(15) CONTRACTOR GUARANTEED UPTIME

(16) REMOVAL OF GOVERNMENT PROPERTY FROM THE SITE

_____ _____
Facilities Manager Contractor

_____
Contracting Officer Date _____